



8 September 2010

The Company Announcements Platform
ASX Ltd
Sydney NSW 2000

FURTHER STATEMENT LICENSING AGREEMENT WITH MEDIMMUNE

After discussions with ASIC, Phylogica wishes to clarify certain statements made in recent announcements relating to the terms of the agreement between MedImmune, the worldwide biologics unit of AstraZeneca PLC, and Phylogica, establishing a plan for collaborative discovery between the companies with potential development and commercialization of resulting novel antibiotics by MedImmune (the **Agreement**).

In the announcements dated 18, 19 and 23 August 2010 (the latter containing a link to various reports, in particular a report by RB Milestone Group), and in the "Investor Presentation Post MedImmune" announced on 3 September 2010, there are references to certain payments or potential payments to be made by MedImmune to Phylogica under the terms of the Agreement. In particular, the announcements refer to an upfront payment of US\$750k and an additional US\$750k in committed research funding for an initial 12 month term. In addition, there are references to Phylogica's eligibility to receive "development, regulatory and commercial milestone payments of up to US\$98 million" under the Agreement (the **Initial Statement**).

The Company made the Initial Statement to give its shareholders and the market generally an estimate on the potential payments that could be received by Phylogica under the Agreement, should all of the development, regulatory and commercial milestones be met. The Initial Statement was not intended to give shareholders or investors statements or inferences in relation to Company profitability or any return on Company shares generally.

The Company notes that statements regarding any future payments to be received under the Agreement by meeting certain milestones may only be made on a reasonable basis, and accordingly, the Company hereby corrects the Initial Statement by informing shareholders and investors as follows:

- a non-refundable upfront fee of US\$750k is due to be paid by MedImmune on or before 11 September 2010, and it is anticipated that further payments totalling US\$750k will be made by 31 January 2011 (of which the first tranche of US\$375k is due now and the second tranche of US\$375k is due by 31 January 2011);
- in addition, under the terms of the Agreement, there are further significant payments which may be received by Phylogica subject to certain pre-clinical, clinical, regulatory and sales milestones being achieved; and
- there is no certainty that these milestones will be achieved by Phylogica, or that the existing collaboration with MedImmune will not be terminated prior to those

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- milestones being achieved, in which case Phylogica will not be entitled to receive the further significant milestone payments.

The Company recommends that no investment decisions be made on the basis of the Initial Statement.

The Company will continue to make announcements regarding its satisfaction of the milestones under the Agreement, and any significant payments to be received by the Company as a result.

The Company will shortly lodge a prospectus to replace the Prospectus lodged with ASIC on 30 August 2010, which will include the details set out in this announcement.

Yours faithfully
Phylogica Limited

Bruce McHarrie
Director

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